

Message Text

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60

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 SS-20 L-03 NSC-10 CIAE-00 INR-10

NSAE-00 PA-04 RSC-01 USIA-15 PRS-01 SPC-03 STR-08

CEA-02 CIEP-02 OMB-01 COME-00 FRB-02 TRSE-00 TAR-02

SCEM-02 DRC-01 SIL-01 LAB-06 /131 W

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R 062300Z DEC 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 2267

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ALL CONSULAR POSTS IN CANADA BY POUCH

E.O. 11652: N/A

TAGS: EIND, ETRD, CA

SUBJECT: US FERROUS SCRAP EXPORTS

REF: STATE 236397

1. IN DECEMBER 5 CONVERSATION WITH EMBASSY'S COMMERICAL COUNSELOR, MR. WILLIAM BLACK, CHIEF, IRON AND STEEL DIVISION, METALS AND MINERALS GROUP, DEP OF INDUSTRY, TRADE AND COMMERCE, SAID THAT 200,000-TON ALLOCATION FOR CANADA FOR FIRST QUARTER OF 1974 WAS STEP IN RIGHT DIRECTION BUT LOW. HE SAID THIS QUANTITY WAS STILL FAR SHORT OF CANADIAN REQUIREMENTS, AND HE COULD ENVISAGE A 660,000 TON SHORTFALL FOR THE ENTIRE YEAR FOR CANADIAN STEEL MILLS IF CANADIAN EXPORTS OF FERROUS SCRAP TO THE US WERE TO CONTINUE AT PRESENT ANNUAL RATE OF 350,000 TONS. THIS, OF COURSE, IMPLIED "ANNUALIZING" OF 200,000 TON FIRST QUARTER ALLOCATION WHICH EMBOFF STRENUOUSLY COUNSELED AGAINST.

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2. BLACK ALSO SPECULATED THAT IF, AS HE BELIEVED,

CANADIAN STEEL MILLS WERE GOING TO BE IN A BETTER POSITION ENERGY-WISE THAN US INDUSTRY, IT WOULD MAKE SENSE TO MAXIMIZE COMBINED TOTAL OF TWO COUNTRIES' STEEL PRODUCTION BY DIVERTING SCRAP TO CANADIAN MILLS WHICH COULD NOT BE USED IN US MILLS FOR REASONS OF ENERGY SHORTAGE. HE SPECULATED, FOR EXAMPLE, THAT IF US STEEL OUTPUT IN 1974 SHOULD DECLINED BY 10 PERCENT FROM 120 MILLION TONS, THIS WOULD HAVE A \$2.5 TO \$3 BILLION DIRECT IMPACT ON GNP, WITH MULTIPLIER EFFECTS, LEADING TO LESS US NEED FOR FERROUS SCRAP. HE ALSO CAUTIONED THAT IF CANADIAN STEEL WERE TO BECOME LESS AVAILABLE, DOMESTIC PRESSURES HERE WOULD MOUNT FOR GOC EXPORT CONTROLS.

3. BLACK ALSO INDICATED THAT GOC HAS NO, REPEAT NO, PLANS TO IMPLEMENT FERROUS SCRAP IMPORT LICENSING OR CERTIFICATION PROCEDURES.
JOHNSON

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Message Attributes

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Draft Date: 06 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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EO Systematic Review
30 JUN 2005

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